

Investment Committee Meeting

Held at the Office of the Policemen's Annuity and Benefit Fund of Chicago (the Fund)

Held on June 24, 2019

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| Presiding: | Trustee and Investment Committee Chair: Mr. Thomas Beyna |
| Present: | Trustees: Ms. Melissa Conyers-Irvin, Ms. Carol Hamburger, , Mr. Edward Wodnicki and Mr. Brian Wright |
| Not Present: | Trustees: Ms. Jennie Huang- Bennett, Mr. Michael Lappe and Ms. Susie Park, |
| Trustee staff: | Mr. Tariq Malhance and Maricio Banvelos of the City Treasurer's Office; Mr. Marty Johnson of the Chief Financial Officer's Office |
| Fund Office: | Mr. Kenneth Kaczmarz, Interim Executive Director, Ms. Caroline Vullmahn, Comptroller and Sebastian Medina and Jackson Lockard Interns. |
| NEPC, LLC | Mr. Kevin Leonard, Partner, Kristen Finney Senior Consultant and Ms. DeAnna Jones, Senior Consulting Specialist |
| Others | Ms. Rosemarie Giambalvo Fund Annuitant member, ands Christine Williamson, Senior Reporter, Pension & Investments Magazine. Ms. Sarah Mongerson, The Smith Group |

President Beyna called the meeting to order at approximately 9:15 a.m.

I. Cash Flow Update

Ms. Caroline Vullmahn, Comptroller of the Policemen's Annuity and Benefit Fund of Chicago (PABF or the Fund), began her presentation regarding the Fund's cash flow. Ms. Vullmahn provided the Committee members a PABF Cash Flow worksheet which was distributed and shows the Fund's cash balances, expected benefit payments, other expenses for the month, and the resulting expected cash on hand as of June 30, 2019. Ms. Vullmahn indicated that at the end of the month, the cash balance is anticipated to be approximately \$103.5 million. Ms. Vullmahn also indicated that the Fund has pending Capital Calls totaling \$80 million that will reduce the available cash and require additional liquidity for the July and August 2019 Benefit payments.

Ms. Vullmahn explained the details pertaining to the Tax Receipts information provided on the Cash flow worksheet. Ms. Vullmahn indicated the amounts attributable from the receipts for each individual Levy and Payment year along with information on the amounts received through the Fund's ability to "Intercept" funds directly from the State of Illinois Comptroller's Office for outstanding balances on each year's Levy.

II. TNT Performance Flash at May 31, 2019 (unaudited)

Ms. DeAnne Jones and Mr. Kevin Leonard from NEPC reviewed the unaudited Performance Flash of May 31, 2019 provided by the Fund's Custodian Bank, The Northern Trust Bank. The report indicates that the total Fund declined -2.27% for the month during May, 2019. Small and Micro Cap Equity were hit the hardest, declining -7.69% and -8.31% respectively for the month. Year to Date the Fund is up 6.67% with Domestic and Non-US equities continuing to add the most value over their respective benchmarks.

III. Fixed Income Core and Core Plus RFP

Ms. DeAnne Jones and Mr. Kevin Leonard from NEPC distributed and reviewed their prepared report indicating the respondent firms, NEPC's analysis and recommendations. The analysis was provided on both the Core and Core Plus searches. Trustees discussed the criteria and qualifications of all candidates that responded.

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NEPC used their research resources to provide an analysis that developed listings of recommendations in both searches. The Committee determined that the three following firms, responding to the Core Search would be invited to present at the July Investment Committee meeting.

Wells Capital Management (incumbent)
Garcia Hamilton & Associates
Earnest Partners

Similar research was provided for the Core-Plus search and after discussion it was determined that the Committee would invite the following four managers present for the Core Plus mandate.

LM Capital (incumbent)
Wellington (incumbent)
National Investment Service
Western Asset Management

Presentations will be scheduled for the Investment Committee of July 22, 2019.

The Fund's existing Incumbent managers have been notified of their requirement to compete for these mandates.

IV. Miscellaneous

The Committee briefly discussed the potential for utilizing a collective pool for the investment of Non-US Equities managed by UBS, as opposed to the Fund's current Separate account managed by UBS because of difficulties encountered with the potential transacting and custody of "China A-Shares". The Investment Objectives are the same in both Vehicles. The committee directed NEPC to provide a brief analysis of the Fund's overall utilization of Minority Brokerage, and a comparison of fees and the operational differences pertaining to both vehicles.

A motion was made by Trustee Hamburger , seconded by Trustee Wodnicki to go into executive session under 2 (c) (7) to discuss litigation

ROLL CALL

For: Beyna, Conyers-Irvin, Hamburger, Wodnicki, and Wright (5)
Against: None (0)
Absent Huang-Bennett, Lappe and Park (3)

Upon Completion of the Executive Session;

A motion was made by Trustee Hamburger , seconded by Trustee Wright to come out of Executive Session

ROLL CALL

For: Beyna, Conyers-Irvin, Hamburger, Wodnicki, and Wright (5)
Against: None (0)
Absent Huang-Bennett, Lappe and Park (3)

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A motion was then made by Trustee Hamburger, seconded by Trustee Wright to adjourn the meeting.

ROLL CALL

For: Beyna, Conyers-Irvin, Hamburger, Wodnicki and Wright (5)
Against: None (0)
Absent Huang-Bennett, Lappe and Park (3)

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Respectfully submitted,

Brian Wright
Recording Secretary of the Board of Trustees
Investment Committee Member
